Vodafone Group FY24 Results Live Q&A

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FY24 Results Overview

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Good morning, everyone and thank you for joining us today. A year ago, we set out our plans to fundamentally transform Vodafone for growth. Since then, I am pleased with the pace of response and speed of execution from everyone at Vodafone. We have moved quickly to reshape our European footprint, having announced the sales of Spain and Italy, as well as our merger in the UK. Our new portfolio shape will enable us to focus on growing markets with strong positions and good local scale. And as the results and guidance we share today demonstrate, we are in a much stronger position to deliver more sustainable and predictable growth and drive improved returns.

Whilst we have made good progress in changing the shape of Vodafone, our operational transformation, focused on customers, simplicity and growth, is driving deeper fundamental changes. We are changing where we invest our time and resources towards our customers. While there is clearly more to do, we are already seeing improved results. We have reduced the number of customer detractors across our markets this year through a systematic effort to remove customer pain points, and we now have a leading or co-leading NPS position in five out of nine of our European markets. We are also changing how we organise ourselves to be simpler and more efficient and have made good progress against our productivity targets. We have established a new commercialised model for our shared operations that will allow us to better serve our markets and telco partners and scale up or down our cost base in response to changes in demand. And on growth, all segments are now growing as you have seen, and our performance in Business was particularly strong with service revenue growth accelerating to 5% this year.

Beyond our progress on our strategic priorities, I am pleased with the financial results we have delivered, having slightly exceeded our guidance for the year. Our service revenue growth has been accelerating throughout the year and EBITDAaL grew by 2% in a year with significant inflationary headwinds, especially energy prices, as well as significant reinvestments we have made to improve our customer experience.

But looking ahead to next year, much more still needs to be done. We have clear areas of focus for FY25 to drive operational excellence across the Group. We will once more step-up investment in our customer experience and focus on improving an underlying performance in Germany, which includes a broad range of actions across our fixed and mobile propositions, our channel strategy, the MDU transition and the utilisation and quality of our networks. We will also continue to accelerate our momentum in Business and simplify our operations throughout the Group.

Our operational transformation will enable us to build a better Vodafone, generating growth and delivering the best experience possible for our 300 million consumers and 5 million Business customers.

And with that, both Luka and I will now take your questions.

Q&A

Emmet Kelly (Morgan Stanley): Yes, thank you very much. Very good morning to everyone and thank you for taking my question. Just the one question please. You have published your guidance for the forthcoming year, and as always there is a lot of moving parts with any European telco company. Can you maybe say a few words about the various puts and takes on the top line and also at the EBITDAaL level? Clearly at EBITDAaL, I see a lot of moving parts, whether it is energy, MDUs, cost savings, et cetera. So just a few words on how we should think about the top line in EBITDAaL, the key drivers. Thank you.

Margherita Della Valle: Thank you Emmet. Luka, all yours.

Luka Mucic: Yeah, thanks a lot, Emmet, for the question. I know the drill by now. So obviously, first of all, let’s just recognise that we are very pleased with the momentum with which we are exiting FY24, and we have seen an acceleration on the top line, 7.1% growth at the Group level. Very importantly, also, the underlying performance in Germany has been very solid with 0.6% headline growth, but 1.5% underlying. So, in addition to that, we have seen in Vodafone Business a strong end to the year with 5.4% growth. So, all of that is underpinning confidence in the fact that our transformation is actually yielding positive market momentum as well.

When we then look into FY25, to start with the top line, we would continue to expect decent growth also in FY25. From a component perspective in Germany, as we all know, it is a transitional year with the MDU headwind building up strongly now. We do not expect that our positive underlying growth, that we expect to continue also in FY25, will be sufficient to make up for that. So, we expect Germany service revenue performance in FY25 to turn negative, before then, in FY26, obviously making room for Germany returning as an important growth engine for the Group.

In the rest of Europe, we would expect a slowdown of growth because of the unwinding of CPI-driven increases, which will be very positive on the EBITDAaL front. I will come to that in a second, but on the service revenue growth side, we will certainly see a step-down in the UK, I would estimate to low single-digit growth. In the rest of Europe, it should remain slightly higher than that, but certainly a bit lower than what we have seen in FY24. And the rest of the Group in the emerging markets will continue to grow very strongly.

On the EBITDAaL front, as you have seen, we are guiding for growth in FY25, which is, I would say, a strong statement, given that obviously also on the EBITDAaL front, the MDU transition is adding a sizable headwind.

As a result of that, Germany EBITDAaL will also be negative in FY25. In the rest of Europe, it will develop very favourably because of the energy cost unwind and the generally good commercial performance that we have seen in FY24 then translating into the full-scale benefits on the profit front. And in the emerging markets, we continue to see strong growth prospects.

Beyond all of this, I think it is very important that we are setting Vodafone up for being a sustainable growth story for the future. So, with this transitional year and the MDU headwinds out of the way, we certainly expect FY26 to be a year of growth in both the top line as well as in on the EBITDAaL line. So, we should see a nice step-up going into FY26.

Emmet Kelly: Super. Thank you very much.

Polo Tang (UBS): Hi, thanks for taking the question. So, it is just one question on Germany. So, if you look at German broadband net adds, they didn't see much of an improvement quarter-on-quarter, so can you give some colour in terms of what is happening with German broadband net adds for April and May, and how confident are you that the broadband base can stabilise? And can you comment on what is happening with competitive dynamics for the Germany market? Thank you.

Margherita Della Valle: Thank you Polo. Fixed broadband in Q4, we have completed the 7.5 million repricing that we have done through the year and still had one month of technical disconnection from the customers impacted by price rises. However, you are right, that would have warranted a bigger quarter-on-quarter improvement in net adds compared to what we have seen. And what we see happening today in the market is effectively that having done such a large-scale repricing on our base, we are seeing an effect on customer perceptions from this pricing that takes some time to fade.

In terms of what we expect for Q1 is an improvement on net adds quarter-on-quarter, and we see this continuing throughout the year. We have a number of actions in place as well that will support this ongoing improvement, together with the fading of the price increase memory, let us say. In particular you may have seen from the presentation, we are changing the way we are communicating with our customers in fixed line. We have a big re-engineering of customer management processes in play. And also a little bit later in the year in the H2 FY24, we will open up off-footprint fibre connections, so that our customers that are on DSL or mobile-only customers and want to benefit from higher speed but cannot access the cable network, will also be able to benefit from higher speed.

As I said over time, we expect continued improvement on this KPI, and of course our target is to have our fair share of the market value growth.

Carl Murdock-Smith (Berenberg): Thanks very much. I have not lost my voice this quarter, so I am able to ask a question. I would like to ask about the German MDU single billing transition. On your comment today that you expect to retain around 50% of the 8.5 million MDU TV households, can you provide a bit more colour on what you have seen so far to give you the confidence to give that figure? Given that the 8.5 million customers account for revenue of around €800 million, is it fair to therefore think of about 50% as implying around €400 million of revenue? And a year ago you talked about committing €100 million of resource to executing the transition last year. What would the comparable resource figure be for the coming year that might reasonably be expected to drop away after this year? Thank you.

Margherita Della Valle: Thank you Carl. I will let Luka take on the investment and the financial impact, but just in terms of what we are seeing, let me say that it is a very big impact, of course, but I am very pleased with how our teams have progressed in the execution on this. And also I need to say very pleased with the strength of our partnership with the Housing Association, that has allowed a very strong cooperation in addressing the transition.

If you think about our sales and marketing machine, we are nationwide reminding customers that they need to take action and we are saying this very clearly above the line, but we also

have in place a series of nudges as customers go through the process to remind them about the choices they need to make. We have gone through, now, effectively four months of bigger volumes with particularly the January wave being the most significant. As you have seen in our results, we have, as of the end of March, secured 1.9 million customers in the period, and this is about 60% of the addressable base that we have processed through in that phase. And with the visibility we have now, it is giving us the confidence to say that we expect to land on around 50% penetration. Clearly, the first to come through also tend to be the most proactive, and therefore we expect a degree of moderation over time. It will all add up to your point to a €400 million drag from a financial perspective and I let maybe Luka give a bit more colour on this.

Luka Mucic: Yes, in particular on the investment because on the pure revenue impact and with that also an EBITDAaL impact because it is an extremely high margin business; I think you have already said everything that needs to be said, Margherita. In terms of the investment, you are right,the total transformation programme is coming along with an investment price tag of €100 million. Out of this, we have already spent the first half in FY24; that is one of the reasons why we also had, in our H2 FY24 in Germany, a negative EBITDAaL performance. So, there is a second €50 million coming now in FY25, and this will then obviously unwind and not stay with us going into FY26.

Margherita Della Valle: Let me maybe just add that, of course, this is a very large impact, and it is a big drag in our guidance for FY25, not just for Germany but for the Group as a whole. And we are really, both of us, looking forward to FY26 when Germany will be back to be an important growth engine for the Group after this drag. And, of course, this will reflect, as Luka was mentioning earlier, also in our growth potential. Overall, we are guiding for growth already in 2025 despite these €400 million, so looking forward to 2026.

Carl Murdock-Smith: That is great, thanks very much.

Akhil Dattani (JP Morgan): Hi, morning. Thanks for taking the question. I wanted to drill a little bit deeper into the comments you have made, Margherita, on fundamentally transforming Vodafone to growth, and there is two parts to that. The first is I wondered if you could elaborate on exactly what sort of metrics are key for you when you think about growth; is it revenue, is it EBITDAaL, is it cash flow? And any sort of high-level thoughts around the sort of growth rates or levels you aspire to? However, the bigger picture point of this is that one of the things we have seen in the sector over the last two years is that a lot of companies have started giving midterm guidance targets across a whole range of financials, and I just wondered what your thoughts were on that transition. As you sound a lot more confident now on your growth trajectory, could you similarly consider providing midterm targets? Thank you.

Margherita Della Valle: Thank you, Akhil. Ultimately, when we think about growth, we go towards two fundamental KPIs that I think summarise our position, which is free cash flow growth, and return on capital growth which is a key objective for us. As drivers of that, you will have seen that we have set up a new scorecard since last year and if I had to say what "I" mostly care about within that scorecard to enable ultimately free cash flow and returns growth, is two things. Customer satisfaction; reduction in detractors and NPS improvement, I am sure we may have a chance to talk more about this in the call,I think this is fundamental for the longer-term health of the business. And then driving the opportunity of growth in B2B because I think it is much higher than what we see today, and it is in our hands to really drive

this. And with the change of the shape of the Group, winning on business, winning on customer satisfaction, these are all things that are now in our hands because we are in good growth markets in terms of where we operate, where we have also good local scale. So, it is literally in our hands.

Now you raised a really good question on, so what about the midterm? I think standing back, you will understand that we see very much FY25 as a year of transition. And not just because of what is happening in Germany with the MDUs, but more broadly we need to complete the deals that we have announced in FY24. And from FY26 with the UK merger, you will see another change of perimeters. So, although I think we have done a big effort and we need to also thank our Finance and Investor Relations teams in giving you already guidance based on the new perimeter with the discontinued operations, there will be another change of perimeter with the merger.

So, what we can say today is what we have just talked about, which is we are guiding for growth in 2025, and this is our traditional guidance, but despite the headwinds of the MDUs. And when we think about the longer term beyond 2025, clearly we look at it positively because we will miss that drag, which, by the way, we talked about €400 million on EBITDAaL, but there is also working capital, as you know, which is additional, so it is quite sizable on our free cash flow metric.

Akhil Dattani: Great, thanks very much.

Margherita Della Valle: Thank you.

Steve Malcolm (Redburn): Yeah, good morning. Thanks for taking the question, and nice segue into the UK merger process. Just a couple of quick link questions. First, good to see you have got security clearance from the government. Do you think that has any bearing on the CMA approval process? And then just I guess as your exit from Italy loudly testifies, not all mobile mergers are born equal. I know you will not specify, but can you give us a flavour of whether you have any red lines on potential remedies that would see you walk away from that merger? That would be great, thanks.

Margherita Della Valle: Sure Steve, starting from the end, absolutely, we do not think that this merger in the UK warrants any remedy, and we have been very, very clear in the last few months about the why. Keep in mind it is completely different from either the merger that recently happened in Spain between Orange and Masmovil or completely different from the mergers that were discussed in the UK itself in previous years. And the reason why it is so different, and you are right, each situation is very specific, is that what we are doing in the UK is merging the two smaller mobile-only players which have low market shares and no returns that give them the possibility to invest appropriately in the market. And it is not me speaking, it has also been said by Ofcom. In the UK, you have three large converged players, results of previous mergers. By combining the two smaller guys in the market, we are actually going to see a positive in terms of impact on competition because we will have a third scaled mobile network with not just the ability to invest, which in itself will create good dynamics for the UK market overall, but also the ability to have the capacity to compete on retail but also on wholesale, which importantly is a market which drives very much retail pricing today, but where MVNOs are essentially facing a duopoly in the market today.

So sorry, very passionate about this, but I think it is a very strong proposition for all stakeholders. As you would expect, we are going through phase two at the moment, very deep engagement. And you are absolutely right, the security approval has no read across to that, it was expected, and it came without any surprise, but the CMA process will continue all the way probably to the end of the year. And what we are doing now is having very intense reviews in order to address all the issues that were in the shopping list of phase one, as expected.

Steve Malcolm: So, we should take from that that you are assuming that the remedies will be light, and you will be very disciplined in any proposed remedies in your willingness to accept them?

Margherita Della Valle: You should expect us to be extremely disciplined because, again, I do not think any remedy is needed, plus you know why we are doing what we are doing, and you have seen our actions in Italy and the UK. We need to play in good markets where we have opportunities for good returns, and the synergies in the UK merger will provide just that.

Steve Malcolm: Great, thanks very much.

James Ratzer (New Street Research): Yes, good morning, Margherita and Luka. Thank you for taking the question. So, I am really interested in learning a bit more about your current relationship with 1&1 in Germany. Now we are into FY25, we would be interested if you can give us any more precise guidance on the revenue impact you are expecting from that contract this year and maybe going into FY26 when the EBITDAaL impact I think will be more significant. And yesterday, we saw BNetza suggest, as part of the consultation, that they are looking really for one of the MNOs to potentially lease or give up some low band spectrum to 1&1 and that could potentially involve a network-sharing or RAN-sharing deal. Are you interested in helping to provide that? What is your willingness to consider maybe a deeper deal with 1&1 as part of this BNetza proposal? Thank you.

Margherita Della Valle: Thank you James. I will take the last part and then ask Luka to comment on the financial side. We are happy with the deal we have today with 1&1, which as you know is a very long-term deal and partnership with 1&1. It is established for up to 18 years, and as part of that, we will effectively carry the traffic for the, I think 13 million now 1&1 customers wherever 1&1 will not build its network. So, from that perspective we will need our spectrum, to answer your question, and so that is what you should expect.

Luka Mucic: Yes, so first of all, obviously we are going to start the migration from 1&1, we will start the migration of customers to our networks in fall this year. So, you should not expect a significant impact of the national roaming agreement in FY25. It will be helpful, of course, but especially on the cash flow front, as we also have to invest into some additional CAPEX in order to support the onboarding, it will be neutral on the cash flow side. So, think about the revenue and EBITDAaL impact in the high double-digit million range, and then similar amount of CAPEX that we will require. And then of course as the onboarding is completed going into FY26, it will be a favourable tailwind to our results. But again, for FY25, not enough to counter the impact from the MDUs, for sure.

Margherita Della Valle: Yes, and it will take time to drive the migration. So, in terms of service revenue headline, it is really the backend of H2 FY26 for it to be really material.

James Ratzer: Got it. And can I just ask you, I think you gave a pretty clear message on spectrum there, but would you be open to any RAN-sharing agreement with them?

Margherita Della Valle: As I said, we are really happy with the position we are at today, and we do not expect any changes to that. As you know, we are busy implementing the agreement we have now and opening up our network.

Luka Mucic: Let us not forget that through the NRA, we have given 1&1 very long-term planning security, and I think that's a significant contribution.

James Ratzer: Got it. Thank you.

Robert Grindle (Deutsche Numis): Good morning and thank you. My question is about your non-consolidated but co-controlled assets, please. Liberty is transferring its Ziggo stake to a Benelux HoldCo. Is that interesting at all to you guys? And then the very considerable Oak Holdings stake, I think you are still at 60%, is it still the plan to drop to 50% when other deals are closed perhaps, or is there a different future there? Thank you.

Margherita Della Valle: Thank you, Robert. Luka, who is directly involved may take the Vantage Towers side. On the Netherlands, we are pleased with where we are; in a nutshell a strong asset in a good market there. We have just reorganised the way we manage our non-controlled assets. You may have noticed that we have set up a new division called Vodafone Investment, and this is because I really believe that we need to manage those assets differently from the controlled one. We have set up a very light team of financial and operational experts that will be entirely focused on governance, not just for Vodafone Ziggo but for the entire portfolio of investments, which of course includes Vantage Towers, but also includes satellite and other things which are less well known. And I think this will really allow us to drive the best value creation for these assets.

But as far as Vodafone Ziggo is concerned, happy with our position today. If you want M&A, my focus is going to be in completing the three deals we have announced in Europe in the last year.

Luka Mucic: And perhaps on Vantage Towers, thanks for mentioning this or asking the question, because I think it is really a great example of the value crystallisation potential that we have in the portfolio of Vodafone Investments. As you know, we have already received proceeds of €5.4 billion for the disposals that we have done so far at a very attractive 26x EBITDAaL multiple.

We still stand at 60% of shareholding in Oak Holdings. However, we remain in constructive dialogue with the private equity consortium that is joining us in Oak Holdings. So, we still see an opportunity to further sell down shares. There is no reason why we should stay at 60%. So, this is a work in progress and certainly a very good value crystallisation opportunity for us.

Robert Grindle: Thank you.

Jakob Bluestone (BNP Exane): Hi, good morning. Thanks for taking my question. I had a question on your free cash flow bridge. You are guiding for free cash flow in FY25 of at least €2.4 billion versus the €2.6 billion you did in FY24, and I was just hoping you could help us understand what the bridge is between those two. Your EBITDAaL, you have said will be roughly flat at €11 billion on a pro forma basis. I think you said back in March, your CAPEX

would be flat as well. I guess you had a tax one-off in Germany which maybe explains some of the difference, but if you can maybe just help us understand what drives this lower free cash flow in FY25. Thank you.

Luka Mucic: Well, first of all, I mean I perfectly appreciate that there are lots of moving parts and puts and takes and complexities that have been arising from the whole discontinued operations situation. And first of all, our Investor Relations team remains fully available to lead you through all of the details of the bridge, and we have also included, I would say, a pretty useful work that outlines the major parts of it in the back half of our presentation. When you talk about the free cash flow in particular, so €2.6 billion and the €2.4 billion, there are two elements there. One is obviously FX and currencies with €100 million, and the other one is the fact that we do not expect to continue to recharge about €100 million of below-the-line recharges to Spain after the completion of the disposal. That explains the difference, and for the rest and details, I am very happy for you to reach out to Investor Relations team.

Margherita Della Valle: From a substance perspective, beyond the like-for-like reconciliations, Jakob, I think one important point is worth noting, which is we are guiding to 'at least' €2.4 billion, so slightly different from 'around', which is actually the EBITDAaL guidance, so see this as the bottom end of what we expect to achieve. So FY24, like-for-like €2.4 billion. FY25, from €2.4 billion upwards, potentially.

Luka Mucic: And last but not least, in that ambition for growth, let us not forget that we are working through a €500 million negative impact from the MDUs which consists of the €400 million that we have talked about previously plus an additional €100 million working capital drag. So that is something that you should have in the back of your mind at least as well.

Jakob Bluestone: Understood. Thank you.

Maurice Patrick (Barclays): Thanks guys for taking the question today. If I could ask a question on the central function, always an exciting area to ask about. Really is a question to what extent the costs in the central function can flex up and down with the revenues. I think in your response to Jakob's question just now, you talked about €100 million or so headwind at the central level due to the timing of Spain being deconsolidated with the sale to Zegona, but presumably in 12 months' time, you have got the same thing taking place as Swisscom paying, I think it is €350 million a year. So, if you could give some thoughts on the outlook for revenues and costs in the central function for FY25 and FY26, it would be very helpful, thank you.

Margherita Della Valle: Sure. I will give you the bigger picture, but just going back to the point that Luka was mentioning earlier, that was an accounting effect as opposed to what really matters, which is the EBITDAaL impacts, if you want, coming from central functions to your point between revenues and cost, we do not expect any stranded cost or negative EBITDAaL impact from the evolution of our shared operations going forward. And this is effectively driven by two reasons, which is why I was keen to explain this. The first is, as you know, we have changed the way we run our shared operations. We have made them commercial. What does that mean? That means that with the Vodafone market, let alone the external partners, we now have MSAs in place for markets buying shared operation services, which means we will track, very closely, volumes and unitary cost. And the control on this

dynamic will allow us to scale up and down the cost with the demand, whether it is internal demand or external demand, indeed, from our new partners.

Keep in mind that these operations are very flexible in nature. Over 90% of the employees of our shared operations are in locations where, effectively, we have very efficient cost basis and also flexibility. If we think about what we actually last said, we have completed nearly 5,000 roles reduction in the last year as a result of a new, you remember, 11,000 role reduction plan. Well, of these 5,000, over 50% were actually in shared operations, so we have plenty of flexibility and we will track this flexibility to our commercial model.

The second reason is what you mentioned, which is we are starting this journey in Italy and Spain, with Zegona and Swisscom buying services from our shared operations of €460 million, and we have a range of contract of varying duration, up to five years, that will give us plenty of time to see how our partners plan to evolve their demand so that we can respond flexibly.

So, we do not see any negative coming from this. We actually do see, and it is in Luka's productivity targets, more efficiencies' opportunities because shared operations, through scale and automation and AI now coming into line, will drive productivity opportunities.

Maurice Patrick: Thank you.

David Wright (Bank of America Merrill Lynch): Hi guys. Thank you and I hope you can hear me well. I might focus and follow up a little on Robert's question please, just on the Vantage Towers stake. Obviously when I look at the dividend received, it is not a hugely efficient versus your cost of debt on what could be the proceeds, but just on the ability to sell down the Vantage Towers stake, the obvious question is what would you use the money for? Your balance sheet is in very good shape, you already have a significant buyback planned, is this the potential plug for more German fibre? I had to ask. And if I might just add a little add-on, the buyback, I know Spain is due to complete imminently according to your presentation. Does the buyback follow imminently the Spain proceeds? Thank you.

Margherita Della Valle: I let Luka take on the buybacks, but you needed to ask, David, and I needed to answer.

David Wright: It is full year results. It is an anniversary; we have to do it.

Margherita Della Valle: The answer on German fibre is no. We are happy with where we are with our cable network, where, if you have looked at our presentation, we have increased the segments in Germany by 30%, and this is within our normal CAPEX envelope, and we continue to increase. We actually saw really good dynamics in customer satisfaction in Germany, we may want to talk about later, and, of course, we have the OXG rollout now ongoing in six cities in Germany including Dusseldorf and Dortmund. So, we are happy with where we are, but on what do we do with the money and buybacks?

Luka Mucic: First of all, on the share buybacks, just to be very clear, you are right, we expect to receive final approvals imminently, and we would intend to launch the share buyback very shortly after that. So, this all follows on the heels of each other, so that is very clear.

And in terms of Vantage Towers, so as Margherita said, no, we will not invest it in fibre, and that would leave obviously the potential for either additional shareholder returns or additional de-leveraging or additional value-accretive investments, let us say, in Business B2B

opportunity. But with whatever we do, it will be focused on driving the right returns for our shareholders, and we will make that choice once we succeed.

David Wright: Thank you guys. Thank you.

Margherita Della Valle: Thank you.

Ottavio Adorisio (Bernstein): Hi, good morning. I have one question and a couple of clarifications. The question is on the Vodafone Investments that you set up today. Through the questions, you talk extensively about Vantage Towers. My question is mostly on the others and the question is to Margherita. Who is going to be the ultimate owners of this infrastructure? Do you reckon this 50:50 JV will stay forever, or like you do in the UK, are you willing to take full ownership of the assets?

The clarification is mostly on the guidance. How much on the free cash flow guidance, including the Swisscom payments, and how much will be for this year and how much will be for FY26.

And the other one is basically on free cash flow. You guide still on adjusted free cash flow. If you can tell us what you expect on restructuring and integration costs for next year, considering to be booked below the line. Thanks.

Margherita Della Valle: Okay, I hope I have noted everything, Ottavio. I will start and then hand over to Luka for the integration and restructuring costs. You mentioned owning 100% in Vodafone Investments. Are you referring to an asset in particular in the portfolio?

Ottavio Adorisio: I was looking at the slides, and I can see there are tons of 50:50 JVs not consolidated and because some of this is infrastructure that you are going to use for a long time. So, my question is, who is going to be the ultimate owner of the assets? It is just to run as it is, or are you trying to buy back at some stage?

Margherita Della Valle: If it is the broader picture, again, we have just reorganised splitting control from non-control, and that tells you that we intend to maintain the portfolio as non-controlled. And if I think about the lists that are in there, there are plenty of good reasons for it to stay this way in the future. I am trying to think but the list is very long, but if I think about Vantage or if I think about Vodafone Ziggo, I do not see us moving into owning 100% of these assets in the future. Also, just to take the free cash flows of the table at the payment level, of course we have no recharges to Swisscom in FY25, so clearly the guidance is not affected by this, and we have not issued guidance yet for FY26. However, as you have seen from the deal announcement, Swisscom is effectively taking over the same perimeter of recharges that were happening with Vodafone Italy. So, no major changes expected from that in FY26.

Luka Mucic: Perhaps, just nevertheless, coming back on FY25, what we have mentioned in our release is that outside of our guidance, we are obviously expecting a continued cash flow contribution from discontinued operations in Italy mainly of €400 million. But that is outside of our guidance and would come on top. In terms of the restructuring, and if I may add, spectrum payments that stand between the adjusted free cash flow and what I would call the real free cash flow of the company for FY25, I would see in aggregate a similar amount as we have seen in FY24 restructuring;we will go slightly up on the spectrum side, broadly similar numbers as we have had in FY24, making up in aggregate for roughly the same amount.

Ottavio Adorisio: Many thanks. Margherita, my question was not on Ziggo or Vantage Towers but was on the JV with Altice. So, who is going to be the ultimate owner of that asset?

Margherita Della Valle: Ah, I see, I see. OXG; we do not see any reason to build fibre on balance sheet, as we were discussing with David earlier, so we expect the 50:50 relationship to continue as it is. We have a long way ahead, which is a six-year build to give us seven million households, and you should not expect us to make any changes there in that timeframe.

Ottavio Adorisio: Thank you.

Georgios Ierodiaconou (Citigroup): Good morning and thank you for taking my question. I just wanted to focus a bit on OPEX, and I think, Luka, you made a comment earlier about service revenue may ease in some markets, but the cost pressures will also start to reverse. You gave quite a bit of detail around energy. Is it possible to also maybe give us some indications around labour costs within the new perimeter in Europe last year versus this year and what your expectations are? Whether there are any pending negotiations to still be finalised? And maybe if I could ask one clarification around the additional €300 million of cost savings. I just wanted to clarify, within that, you are not including any flexing of costs around central functions from any potential changes in the contracts with other customers? Thank you.

Luka Mucic: Yes, so let me take this. So first of all, year-over-year, you are absolutely right, energy will be a tailwind from an OPEX perspective. Last year we had, in Europe, in the new parameters, so excluding Italy and Spain, roughly €200 million of headwind, and about 80% of that will unwind in FY25. In terms of the rest, labour costs; we are actually not facing a significant headwind as far as we can see, so this should remain actually quite constructive. Unlike, for example, some others in the market in Germany, we have an existing two-year deal with the labour unions. So, in that respect, our salary levels for 2025 are set already, and that's typically the largest part of where you can expect some moderation. In other countries, the inflation rates have come down, and hence the salary rounds are also pretty moderate. So, this is not going to be a major uncertainty. So that has moderated.

And then in terms of the €300 million and central functions, well, we are looking for efficiencies and productivity across the board. That of course also includes the central functions, but that is not tied to a loss of opportunity, so to say, in terms of the business that we are covering, because Margherita has said very rightfully that we are indeed covered with our existing relationships with Zegona and Swisscom. But of course, we still have an ambition across the board, across all entities, including the Group functions, to drive for further efficiencies through simplification, standardisation, leveraging of technology, AI and so on. And we are very busy working on that. It is obviously an area that I am passionate about also, given my background coming from the software industry.

Margherita Della Valle: Thank you Georgios.

Andrew Lee (Goldman Sachs): Yeah, good morning. I just wanted to maybe bring us back to right to the start and your answer to Emmet's question the beginning about trends through 2025 and into 2026. You made some pretty clear and helpful commentary around the puts and takes and temporary factors from 2025 going into 2026 and said 2026 should see a step up, which obviously we would expect, given the cable TV headwinds in FY25.

So just wanted to try and better understand how you are thinking about the underlying growth across the Group. I think if we adjust for the 1&1 contract, adjust for the energy tailwinds in FY25, adjust for the cable TV headwind and try and get to an underlying sense of what you are guiding to on EBITDAaL growth for FY25, it looks like around 3-4%. So how are you thinking about the trajectory of underlying EBITDAaL growth? Do you think that improves into FY26? And perhaps if I might ask a bit more specifically, obviously Germany is absolutely at the heart of that. Do you think we have reached a sustainable level at 1.5% organic service revenue growth this quarter ex the cable TV? How do you think Group trends on an underlying basis progress from 2025 into 2026 and specifically Germany? Thank you.

Margherita Della Valle: Maybe I'll cover the prospects for Germany, but maybe you start with the building blocks.

Luka Mucic: And just since we are almost out of time, I just want to confirm that I think you have highlighted the right building blocks, but what does that translate into? It is actually that we will likely see a U-shape of our performance in FY25, because the headwinds, in particular, on the MDU front are mainly going to hit us in terms of year-over-year growth impact in the H1 FY25 as this impact will now magnify in Q1 and even further in Q2. And we will also see the lapping of our German price rises in fixed broadband in Q2, and then the positive impacts, like 1&1. I would add to this also the step-up in performance that we still expect to see in Vodafone Business as we are now putting additional investments in. As we see the market opportunity, we expect the pipeline build up that we are already witnessing then to translate from the H2 FY25 into further growth opportunities that obviously will carry us also into FY26 and going forward. Therefore, you should see a U-shape in terms of the growth performance in FY25 and then once we have the impact from the MDUs annualised and out of the way, then clearly we can see the full underlying strength of the growth coming to fruition.

Margherita Della Valle: And in terms of longer-term prospects, so we are pleased with having underlying 1.5% in Q4, we'll now see this U-shape impacting Germany during this fiscal year. But clearly, our ambition has to be to accelerate and take our fair share of the market growth. It is in our hands. It is a good market where we have scale, a strong brand, strong networks. The new team has a big agenda for that, that we will deliver during FY25. If I think about maybe the MDU transition, we have covered it, but in terms of actions, fixed versus mobile, on fixed it is all going to be about post-pricing commercial performance, as I said earlier, with the focus on customer value management and off-footprint. In mobile, what you will see happening is a continued switch between non-branded towards branded channels. It is fair to say that the market in Germany at the low end, particularly around the non-branded channels, has been hitting up recently.

There is a lot of promotional aspects going on at the lower end of the market. You see this somehow reflected into our mobile net adds in the quarter and will continue into Q1. Our strategy there in terms of driving growth, as I say, will not change. We care about service revenue, we do not care about volumes, and we will continue to push our branded channels, supported by more investment in customer experience and brand itself in Germany and looking forward to driving customer satisfaction even higher. This year was a year of stabilisation, supported by the improved performance of the cable network, which we were very happy to have achieved despite the price increases. We need to drive this up to deliver

higher underlying service revenue growth going forward into FY26 in Germany and get the acceleration that Luka was talking about.

Andrew Lee: Thank you.

Margherita Della Valle: Just thank you very much for all of you for being here for questions today and looking forward to seeing you again in July for our Q1 results. Thank you.

Luka Mucic: Thank you very much.

[END OF TRANSCRIPT]

Q&A Transcript Legend

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